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[Review of the book *Strategy and Organizations: A West Coast Perspective*]

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[Review of the book *Strategy and Organizations: A West Coast Perspective*]

Abstract

[Excerpt] More recently, organizational strategists have begun to turn their attention to issues of internal as well as external organizational relations and to examine many of the traditional assumptions underlying strategic analyses, with an increasingly critical eye. This book reflects such changes, both in the diversity of approaches taken by different authors and in the challenges that are posed to extant wisdom of the strategy literature.

Keywords

strategy, work, organizations, research

Disciplines

Labor Relations

Comments

Suggested Citation

Tolbert, P. S. (1987). [Review of the book *Strategy and organizations: A west coast perspective*] [Electronic version]. *Administrative Science Quarterly*, 32(4), 632-635.

Required Publisher Statement

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Strategy and Organizations: A West Coast Perspective.

Glenn R. Carroll and David Vogel, eds. Cambridge, MA: Ballinger, 1984. 181 pp. \$15.95.

Within the last ten years, strategy has emerged as a major area of organizational research. Much of this work has concentrated on the management of organization/environment relations and typically has been heavily indebted to economic theories of finance. This influence is clearly reflected in the common focus and prescriptions of the strategy literature concerning the importance of diversification, integration, and continued expansion of the organization (Miles and Snow, 1978; Porter, 1980).

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zational relations and to examine many of the traditional assumptions underlying strategic analyses, with an increasingly critical eye. This book reflects such changes, both in the diversity of approaches taken by different authors and in the challenges that are posed to extant wisdom of the strategy literature.

There are several common themes that link the articles in this collection. One is a general critique of the dominance of marketing and finance problems in discussions of strategy and the corresponding inattention to important issues of managing internal relations. This theme is clearly reflected in articles by Buffa, Pascale, Peters, and Miles and Snow. Buffa's analysis of recent decline in the competitive position of American companies echoes Reich's (1983) criticisms of the emphasis given to finance and portfolio management by American business firms. Arguing the need for increased attention to "manufacturing strategy" (i.e., internal structure and processes of production), Buffa suggests a number of issues for further research on this aspect of strategy. Like Buffa, Pascale is also critical of the heavy emphasis on marketing and finance in traditional approaches to strategy. He advocates a much broader notion of strategy, one that includes not only strategic market analysis and formal organizational design but intrafirm relations—maintenance of shared values, the role of leadership styles and the selection and socialization of staff. He illustrates his arguments with a highly entertaining contrast between the traditional strategy accounts of Honda's success in marketing motorcycles in the U.S. and his own research on the actual series of (mis)calculations and serendipitous events leading to such success. The article by Peters places a similar emphasis on the management of internal relations as a key to effective management of external relations through organizational representatives. This theme is picked up once again in the article by Miles and Snow, who underscore the importance of "fit" between internal structure and management policies and the organization's strategic approach to managing external relationships.

A second theme found in this collection centers on conceptual and methodological problems characterizing much of the current research on strategy. An article by Teece, for example, points up problematic assumptions underlying the application of economic analyses to practical issues of strategic management, including a bias toward equilibrium models in most economic theory, a bias that is inconsistent with the dynamic character of organizational strategy; a neglect of issues of internal structure and processes in organizations that affect strategic decision making; and an underlying, questionable model of markets constituted by frequently occurring, impersonal transactions among rational actors with near-perfect access to information. His work also suggests several recent theoretical developments in industrial economics that offer promising directions for future economic applications to strategy questions. As a counterpart to Teece's discussion of conceptual problems associated with the use of economic approaches to strategy, Freeman and Boeker's article highlights methodological problems that are common in current strategy research. These include the use of cross-sectional data and equilibrium models in analyses of

the dynamics of strategy, the selection of only successful firms as the focus of analysis, and the reliance on case studies of organizations rather than large-scale comparative research. They discuss population ecology as an alternative framework for examining issues of strategy, one that would presumably encourage researchers to pay attention to such methodological issues.

A third theme of the book is represented by Carroll's and Delacroix's critiques of assumptions and traditional wisdom of strategy literature. Carroll challenges the assumed benefits of strategies involving diversification and notes conditions under which specialism is in fact a more viable strategy. In contrast to arguments that specialism is an appropriate strategy only in fragmented industries and under conditions of environmental stability (Hannan and Freeman, 1977; Porter, 1980), he asserts (and illustrates with examples from four different industries) that specialism is a natural strategy in concentrated industries dominated by generalist organizations. He also considers a number of management issues that specialists face and suggests that conventional wisdom on appropriate structure and allocation of resources in such smaller organizations is belied by a number of very successful specialist firms. Like Carroll, Delacroix also questions standard assumptions that increasing size and scope are important for organizational success. Arguing that the internationalization of lifestyles has created opportunities that can often be taken advantage of by smaller, specialized exporters, he convincingly illustrates this argument with several cross-national examples.

The remaining set of articles are not inconsistent with more traditional approaches to strategy, but they share a common focus on the elaboration of issues often neglected in the literature. An article by Burgelman addresses the need for and ways to maintain "intrapreneurship"—the generation of new business and investment areas within established corporations. Focusing on problems of assessing the potential contributions of new strategies generated through employee input and influence, he suggests a framework for such evaluation and for the choice of implementation procedures. Similarly, Aaker considers processes involved in the analysis of and choice among different possible strategies, while Brodwin and Bourgeois discuss five ideal-typical managerial styles associated with the development and implementation of strategies and consider the strengths and weaknesses of each.

The diversity of perspectives and ideas of this book do not add up to any simple conclusions or set of prescriptions about strategy in organizations. However, they do present some novel and challenging ways of thinking about organizational strategy. As such, they make an important contribution by serving as a strong counterweight to more limited, traditional views of strategy. The book should be a very useful addition to standard courses on organizational strategy and to the collections of those interested in this area of research.

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